STATEMENT OF

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PARALYZED VETERANS OF AMERICA

BEFORE THE

HOUSE COMMITTEE ON VETERANS' AFFAIRS

CONCERNING

THE INDEPENDENT BUDGET

AND THE DEPARTMENT OF VETERANS' AFFAIRS BUDGET

FOR FISCAL YEAR 2004

FEBRUARY 11, 2003

Mr. Chairman and members of the Committee, as one of the four veterans services organizations publishing *The Independent Budget*, Paralyzed Veterans of America (PVA) is pleased to present our views on the state of funding for the Department of Veterans Affairs (VA) health care system and the Administration's FY 2004 budget request.

I am John Bollinger, PVA Deputy Executive Director. PVA is the only national veterans' service organization chartered by Congress to represent and advocate on behalf of our members and all Americans with spinal cord injury or disease. All of PVA's members, in each of the fifty states and Puerto Rico, are veterans with spinal cord injury or dysfunction.

This is the seventeenth year, PVA, along with AMVETS, Disabled American Veterans and Veterans of Foreign Wars have presented *The Independent Budget*, a policy and budget document that represents the true funding needs of the Department of Veterans Affairs. *The Independent Budget* uses commonly accepted estimates of inflation, health care costs and health care demand to reach its recommended levels. This year the document is endorsed by 45 veterans service organizations, and medical and health care advocacy groups.

Mr. Chairman, we are deeply troubled by the Administration's budget request for VA health care programs. Analysis of these budget numbers and their impact on health care next year is extremely problematic due to the lack of an enacted appropriation for FY 2003. However, under any scenario, depending how the Congress resolves this year's funding levels, the Administration's request is woefully inadequate. It will not come close to meeting the projected needs of the veterans seeking VA health care next year.

The VA health care system is already strapped due to the failure of the Congress and the Administration to agree on FY 2003 funding levels. Already five months into the fiscal

year VA health care is running on seriously inadequate FY 2002 funding levels. Health care demand is rising; the cost of that care is soaring as well. In reaction, the Secretary of Veterans Affairs has taken the unprecedented step of stopping enrollment of Category 8 veterans. Despite touted increases in the FY 2004 request, the Administration proposes even more draconian steps to curtail access. The budget's proposed increases rely too heavily on increased collections from new copayments for services and prescription drugs and a new proposed enrollment fee imposed on Category 7 and 8 veterans. Any proposed additional increase derived by unspecified "management efficiencies" disappears completely with VA admitting just recently that it is currently running at a $1.9 billion deficit this year.

We have reworked the Administration's numbers from their unusual presentation this year to be able to make appropriate comparison with *The Independent Budget* recommendation in the customary way the budget and appropriations bills are usually presented. We have included with this testimony two charts that we have prepared that delineate these accounts and compare *The Independent Budget's* figures with those of the Administration. We have also included a chart prepared by the VA that displays its FY 2004 request in the traditional manner. As is the custom with *Independent Budget* recommendations, we have also removed the collections from the Medical Care line to indicate the true amount of federal appropriations needed to fund medical care next year. *The Independent Budget* Veterans Service Organizations (IBVSOs) strongly believe that veterans' health care is a federal obligation. Increasing collections from veterans or their health care insurers only allows budgeteers to offset federal dollars that are needed.

Once these recalculations have been done, the Administration is requesting $25.2 billion for VA health care. *The Independent Budget* is recommending $27.2, or two billion more than the Administration would allow. If the Congress approves appropriations contained in the on-going conference on H.J. Res. 2 of $23.9 billion for FY 2002, the budget request would only provide $1.3 billion this year over that level.

The Administration is proposing implementing an annual enrollment fee of $250 for all currently enrolled Category 7 and 8 veterans. It is also proposing more than doubling the prescription fee to $15 and raising the cost of each outpatient visit to $20. These punitive copayments are designed as much to swell the projected budget increase as they are, the VA admits, to deter veterans from seeking their care at VA medical facilities. The cost of these copayments is designed to have that effect of people who might want to seek care at VA. Imagine the effect of these additional costs on those who have no other choice but to get care at VA.

Mr. Chairman, *The Independent Budget* makes a strong statement in opposition to copayments. From PVA's standpoint, we can make an additional case in further opposition. The Congress gave the Secretary of Veterans Affairs the authority to set and raise fees. What was once thought of as only an administrative function has now become, in times of tight budgets, an easy way to try and find the dollars to fund health care for veterans. When appropriations are in short supply and demand for health care is high, copayments have become the new way to fund the VA out of the pockets of the

veteran patient. The VA has stated that their objective in curtailing access to the so-called "higher income" veterans in Categories 7 and 8 is to focus their resources on the core mission of the VA, the service-connected, the poor and those in need of specialized services. Certainly PVA can appreciate that goal as our members, veterans with spinal cord injury and dysfunction, fall within those categories of veterans with special needs seeking care at VA spinal cord injury centers – but at what cost?

Our first concern rests on the fact that those increased copayments collected from Category 7 and 8 veterans are being used to pay for the treatment of Category 1 through Category 6 veterans. It is completely antithetical to PVA's view, for instance, to have one veteran in Category 8 paying for the care of a 100 percent service-connected disabled veteran in Category 1. The cost of that care is a federal duty and a federal responsibility.

Second, Committee members should not embrace the generalization that just because Category 8 veterans are considered "higher income" these copayments do not impose an undue burden on their ability to pay. There are few, if any, millionaires seeking VA health care in this category. For Category 7s, starting at income levels of $24,000, even with the geographic cost-of-living in the HUD index, these veterans, for the most part, are hardly wealthy. For many of them, particularly those who are older, retired, and on fixed incomes, these copayment increases could be devastating. Many of these veterans have sought VA health care because of the rising costs of other public and private health care plans and insurance. The VA has become their safety net. Sadly VA is following the private sector's lead and pricing itself out of their reach.

Because of their designation as "catastrophically disabled" nearly all PVA members can enroll in the system in Category 4. This, however, does not exempt all of them from the burden these copayment increases would impose. Those PVA members with non service-connected disabilities who, because of their incomes could be classified as Category 7 or 8, can be enrolled in Category 4 but are still subject to Category 7 or 8 copayments. PVA members go to the VA because there is no other system in the country that provides the level and quality of spinal cord injury care. Over 80 percent of our members use the VA for all or part of their care. Because of the nature of their disabilities they require a host of pharmaceuticals, equipment, devices and supplies to function on a daily basis. On average, the imposition of these punitive copayment increases would bring their total out-of-pocket cost to hundreds of dollars each month. An alternative for many would be to forego outpatient visits or re-filling prescriptions and risk endangering their health and enduring expensive inpatient care.

In other areas of health care, the *Independent Budget* groups are pleased that the Administration requested an increase in medical and prosthetic research. Still, its request at $408 million is $52 million below *The Independent Budget* recommendation of $460 million needed to fund this important research program.

In closing, the VA health care system faces two chronic problems. The first is underfunding which I have already outlined. The second is a lack of consistent funding.

The budget and appropriations process this year is a text book example of how the VA labors under the uncertainty of not only how much money it is going to get, but, equally important, when it is going to get it. No Secretary of Veterans Affairs, no VA hospital director, and no doctor running an outpatient clinic knows how to plan and even provide care on a daily basis without the knowledge that the dollars needed to operate those programs are going to be available when they needs them.

Last years funding was insufficient. The Secretary said early in the year that he required a supplemental of $400 million to meet anticipated demand. The supplemental bill wasn't address until nearly the end of the fiscal year. But the White House only obligated $142 million of that amount. Congress tried to pass the FY 2003 appropriations bill before adjourning and failed. The lame duck session failed to address the appropriation. The VA is still on a continuing resolution at wholly inadequate FY 2002 funding levels. There is now talk of funding the government and the VA at those levels until the end of the year. This breakdown in the funding process has real and immediate impact on the lives of veterans. 230,000 are waiting six months or longer for doctors appointments. Health care delayed is health care denied. If the health care system cannot get the funds it needs when it needs those funds the resulting situation only fuels efforts to deny more veterans health care and charge veterans even more for the health care they receive.

The only solution we can see is for this Committee and the Congress as a whole to approve legislation removing VA health care from the discretionary side of the budget

process and making annual VA budgets mandatory. The health care system can only operate properly when it knows how much it is going to get and when it is going to get it. We greatly appreciate Chairman Smith and Ranking Democrat Evans introducing this legislation in the last Congress. We look forward to working with them and giving them every support in moving a bill through the House and Senate as soon as possible.

This concludes my testimony. I will be happy to answer any questions you may have.

JOHN C. BOLLINGER

DEPUTY EXECUTIVE DIRECTOR

PARALYZED VETERANS OF AMERICA

John Bollinger became deputy executive director for the Paralyzed Veterans of America (PVA) in January 1992. Previously, he served as the organization's national Advocacy Director and was responsible for all civil rights disability issues affecting the members of PVA. As PVA's Deputy Executive Director, he is responsible for the day-to-day operations of the organization.

Mr. Bollinger joined PVA in 1987 as Associate Director of Legislation. In this capacity, he worked primarily on veterans' health care and benefit issues. From 1989-2000, he served on the Executive Committee of the President's Committee on the Employment of people with Disabilities.

Prior to his employment at PVA, he worked for the Department of Veterans Affairs (VA) from 1972 to 1987, While at VA, he held a number of positions in the Veterans Benefits Department, including veterans' benefits counselor and management analyst. From 1986 to 1987, he served as assistant to the Administrator of Veterans Affairs.

John grew up in Pittsburgh, Pennsylvania, graduated from Muskingum College and is a veteran of the United States Navy. He was retired from the navy in 1970 due to a service-connected disability. He has two grown children and currently resides in Alexandria, Virginia with his wife.

Information Required by Rule XI 2(g)(4) of the House of Representatives

Pursuant to Rule XI 2(g)(4) of the House of Representatives, the following information is provided regarding federal grants and contracts.

Fiscal Year 2002

Court of Appeals for Veterans Claims, administered by the Legal Services Corporation — National Veterans Legal Services Program— $179,000 (estimated).

Fiscal Year 2001

Court of Appeals for Veterans Claims, administered by the Legal Services Corporation — National Veterans Legal Services Program— $242,000.

Fiscal Year 2000

General Services Administration —Preparation and presentation of seminars regarding implementation of the Americans With Disabilities Act , 42 U.S.C. §12101, and requirements of the Uniform Federal Accessibility Standards — $30,000.

Federal Aviation Administration – Accessibility consultation -- $12,500.

Court of Appeals for Veterans Claims, administered by the Legal Services Corporation — National Veterans Legal Services Program— $200,000.